

RHODE ISLAND COMMERCE CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on April 25, 2016 in Public Session, beginning at 4:15 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Directors absent were: Dr. Nancy Carriuolo, Jason Kelly, and George Nee.

Also present were: Secretary of Commerce Stefan Pryor, Darin Early, Jeremy Licht and Thomas Carlotto.

1. CALL TO ORDER

The Governor called the meeting to order at 4:19 p.m. indicating that a quorum was present.

2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION AND EXECUTIVE SESSION MINUTES FOR THE MEETING HELD ON MARCH 28, 2016

Upon motion duly made by Mr. Wadensten and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To approve the public session and executive session minutes for the meeting held on March 28, 2016.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

3. TO PROVIDE AN OVERVIEW OF THE CLUSTER GRANT PROGRAM.

The Governor introduced Christine Smith to provide an overview of the Cluster Grant Program.

Ms. Smith discussed the purpose of the program, which is to

encourage companies in the same sector to work together to solve problems, exchange ideas and develop talent. She explained that there are two types of grants: the first being technical assistance grants to support strategic activities; and, the second is an implementation grant to allow for the funding of a collective project that strengthens an industry cluster.

Ms. Smith identified the six evaluation criteria used by the team to aid in the selection process.

She then discussed the timeline from adoption of legislation, rulemaking, application process and deployment of marketing materials. Ms. Smith indicated that staff is currently completing the review of twenty-six applications aggregating about \$6 million, which is approximately 7.5 times the fiscal year 2016 appropriations of \$750,000 available for awards.

Mr. McNally asked if the program had changed from inception and Ms. Smith indicated it had not changed. She explained that the purpose of the presentation was to give the directors an update on the program prior to consideration of the recommended awards.

Ms. Lovejoy asked about the range of industry clusters and Ms. Smith noted that the Rhode Island Innovates report identified five areas of focus and the applicants fall within those five areas.

Mr. Wadensten asked if the program is part of the Real Jobs RI program and Ms. Smith indicated that it is not part of that program but it is complementary. Secretary Pryor noted that the programs were developed at approximately the same time and with each other in mind; he explained that Real Jobs RI is focused on workforce development while the Cluster Grant program is intended to address the array of needs of an industry cluster.

Mr. Wadensten indicated that it would be helpful to have a scorecard to summarize the different programs. Mr. McNally noted that the Corporation produced a pamphlet summarizing the programs that was a useful tool and Mr. Wadensten asked for copies so he could share them with others and help get the word out.

Ms. Toledo-Vickers indicated that the summary of programs is an important tool but also emphasized the need for the dashboard showing results. Mr. Early explained that he would make available to the directors a high level dashboard recently provided to the House and for those that wanted, he could provide a much more granular analysis. Mr. Early noted that he had targeted June 2016 to provide an update in relation to program progress as previously discussed with the Board.

The Governor indicated that the program was substantially oversubscribed and noted that the selections being undertaken will be a difficult process. Ms. Smith explained that in some instances the

applicants were from the same sector and the Corporation encouraged them to join together to avoid overlap and pool their concepts.

Ms. Sams suggested that the form of the dashboard should be discussed ahead of time before it is populated with metrics to ensure that the directors can agree on the format and type of information that is to be provided. Mr. Early indicated that he would provide the form of reporting at the late May meeting. Mr. Wadensten suggested that Mr. Early should ensure that any compulsory information should be included in such reports notwithstanding any individual director's wish list.

Mr. O'Hanley asked if there were sufficiently strong applications in each cluster and if not, he asked if the Corporation should be marketing to an entity in an underrepresented area. Ms. Smith noted that the program focuses on industry sectors so it targets trade groups and similar entities rather than single companies. Mr. Hebert followed up as to whether there is at least one quality applicant in each area and Ms. Smith indicated there were not. Mr. O'Hanley suggested that rather than awarding say to the five best applicants it might be worthwhile undertaking additional marketing to see if there were potential opportunities to broaden the applicant pool.

4. TO RECEIVE A MARKETING/BRANDING UPDATE.

The Governor introduced Mr. Early to give an update.

Mr. Early indicated that he would preliminarily discuss the Corporation's strategy and have Seth Goldenberg address objectives, guiding principles and the implementation of the campaign.

Mr. Early next discussed the basic framework of the program. He noted that the key in the tourism space is the personal travel with Rhode Island averaging 68% day trippers and 32% overnight stays. Mr. Early emphasized the disparity in yield between the two segments and the goal to increase the percentage of overnight stays in addition to the overall number of personal travelers coming to the state. He addressed the need to also focus on "nearcationers" who are a subset of the overnight stay category.

Mr. Hebert asked about financial targets for increasing the existing \$2.5 billion revenue figure and Mr. Early indicated there is not a direct linear target. He explained that it's about putting the message into the marketplace, allowing it to be absorbed and then bringing authentic resources to bear that get absorbed from and within that message.

Mr. Hebert noted that there should be a target against which to measure the investment. Mr. Early discussed the metrics that would be used to track the return on investment and determine if the funds

expended are delivering an appropriate multiple for a return.

Ms. Sams asked if we have data relative to tourists who return. Mr. Early explained that Longwoods provides that type of data.

Mr. Goldenberg stressed that it is terrific that the state now has appropriate data and a statewide framework that allows for measuring from a baseline to achievements in the coming two to three years. He noted that part of the next step is to identify the varying reasons why people come back and target that market.

Mr. Hebert emphasized that there should be a general scoreboard showing the gross return on investment two or three years out. The Governor agreed and stated that if the state puts in \$5 million it should expect an overall return in excess of \$5 million.

Mr. Buonnano cautioned that the Board should not solely rely on the \$2.5 billion figure as it is somewhat subjective and that there are likely more effective metrics to track such as hotel tax revenue and other more concrete data.

There was additional dialogue amongst Board members regarding the various metrics that can be tracked and provide useful comparison for measuring success.

Mr. Early identified the purpose of the effort which is to design and

implement a new branding/marketing campaign. He next turned to the guiding principles of the plan which are to i) cultivate relationships; ii) share our story; iii) create a reason to engage; and, iv) truly collaborate to get scale and get the message out into the marketplace. An important aspect of the campaign is to have an authentic message in the market, which will be accomplished by going out to Rhode Islanders to help develop content to drive the message.

Mr. Goldenberg noted that there needs to be some demystification about branding, advertising and marketing. He explained that he is not an advertising professional but rather a cultural change person, designer, strategist and community based practitioner. Mr. Goldenberg emphasized that we may have focused too quickly in the dialogue with the public about media placements and advertising rather than engagement using other tools that are important to building a brand. He explained it was important to engage the public in telling the state's story.

Mr. Goldenberg explained the portfolio approach that was being undertaken to leverage the funding appropriated for the program. Mr. Goldenberg next discussed the six levers that will be utilized to create a greater impact, which are i) earned media; ii) paid media; iii) event attraction; iv) information communication; v) social media; and vi) joint impact.

Ms. Sams noted that there should be some focus on identifying events and opportunities and Mr. Goldenberg concurred with the concept and gave some examples of how that could be attained.

Mr. Hebert discussed the impact of South by Southwest has had in Austin as an example of how events can have such great significance.

Ms. Kaplan asked about the demographic profile and how that will be approached in terms of messaging. Mr. Goldenberg indicated that the philosophy should be to engage as much of the public as possible. He discussed the tourism market and emphasized that there is a large demographic that is not necessarily looking for the statue of liberty experience but rather the local experience. Mr. Goldenberg explained that over the next week there will be a launch of the public engagement component that will allow Rhode Islanders to tell the authentic story of the state, which will be shared with the world.

Mr. Hebert stated that he likes the approach but there should be some focus on the low hanging fruit. He gave as an example, people commenting on a Commerce Corp. owned website about coming to Rhode Island and there is no affirmative effort to offer suggestions that could enhance that person's experience. Mr. Goldenberg agreed and noted that is number five of the six identified levers.

The Governor indicated that one of the lessons learned is that there needs to be more public engagement that allows Rhode Islander's to help create the content.

Mr. Early discussed the budget and both expenditures to date and anticipated expenditures going forward.

Mr. McNally pointed out that part of the campaign should be focused on business attraction and making people both in-state and out-of-state aware of the focus on reduced regulation and creating a better tax environment. Secretary Pryor echoed that sentiment.

5. TO CONSIDER IMPROVEMENTS TO THE PARKING GARAGE AND PEDESTRIAN INFRASTRUCTURE AT THE PROVIDENCE PLACE MALL.

Mr. Early explained that the Commerce Corporation is the fee owner of the property where the Providence Place Mall is situated and has a lease with the Mall owner General Growth Properties (GGP).

He explained that GGP needs consent of the Corporation to certain use changes at the Mall and they are seeking to convert certain retail space (formerly occupied by JC Penney) into parking. Mr. Early gave details of the proposed upgrades to the Mall and the goal of making

the entire experience better for shoppers.

Mr. Wadensten noted that it would be great if EZ Pass could be used at the Mall and Mr. Early indicated he would approach GGP with the issue but was uncertain if a private entity could use EZ Pass.

Upon motion duly made by Mr. O'Hanley and seconded by Mr. Buonanno, the following vote was adopted:

VOTED: To authorize the improvements to the parking garage and pedestrian infrastructure at the Providence Place Mall pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit B.

6. TO CONSIDER FOR APPROVAL AMENDMENTS TO THE CORPORATION'S RETIREMENT AND SAVINGS PLAN.

Ms. Lasky gave an overview of the amended laws that require the

plan amendments and discussed the IRS requirement that impose an April 30 2016 deadline. Mr. Early noted that the changes in law are adhered to as they are adopted by Congress but that the IRS requires plan amendments on a six-year cycle.

Upon motion duly made by Mr. O'Hanley and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To approve the amendment to the Corporation's retirement and savings plan pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit C.

7. TO CONSIDER SELECTION OF AN AUDITOR FOR THE CORPORATION.

Ms. Lasky gave an overview of the process by which an auditor for a Quasi-Public Corporation is selected and the need for the approval of both the Auditor General and the Department of Administration. She

described the RFP process and the vetting by a selection committee resulting in a recommendation to choose Blum Shapiro for the engagement.

Ms. Lovejoy, who serves as chair of the Audit Committee, expressed her support for the selection of the Blum Shapiro.

Upon motion duly made by Ms. Sams and seconded by Ms. Kaplan, the following vote was adopted:

VOTED: To approve the selection of Blum Shapiro as the auditor to the Corporation pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit D.

8. TO CONSIDER LITIGATION ISSUES INCLUDING 38 STUDIOS, LLC AND APPROVAL OF THE EXECUTIVE SESSION MINUTES FOR THE MEETING HELD MARCH 28, 2016.

Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr. Hebert, the following vote was adopted:

VOTED: Pursuant to Rhode Island General Laws Section 42-46-5(a)(2), the Board shall enter into executive session to consider litigation issues and approval of Executive Session Minutes.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

The Board of Directors, staff and counsel entered into the executive session at 5:47 p.m.

The public session reconvened at 6:24 p.m.

Upon motion duly made by Mr. Hebert and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: That the minutes of the Executive Session shall be sealed.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, Ronald

O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

Mr. Carlotto announced that the Board had voted unanimously pursuant to Rhode Island General Law Section 42-46-4(b) to keep all votes made in this Executive Session confidential.

Vote to adjourn.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 6:26 p.m. upon motion made by Mr. Buonanno and seconded by Ms. Toledo-Vickers.

Thomas E. Carlotto, Secretary